

MCB Group results for the first semester to 31 December 2015

PORT LOUIS, 12 February 2016: MCB Group Limited today announced its unaudited results for the first semester of FY 2015/16.

HIGHLIGHTS

- Increase of 9.5% in operating income
- Growth of 10.4% in net interest income
- Net fee and commission income up by 7.4%
- Rise of 17.1% in profit on exchange
- Increase of 8.8% in operating expenses
- Credit impairment charges higher by some Rs 88 million
- Share of profit of associates up by Rs 79 million

PROFIT ATTRIBUTABLE
TO SHAREHOLDERS

Rs 3,141.7 m

▲ **8.7%**

OPERATING
PROFIT BEFORE
IMPAIRMENT

Rs 4,153.1 m

▲ **10.1%**

ASSETS

Rs 299.4 bn

▲ **12.6%**

Commenting on the results, Pierre Guy Noël (Chief Executive - MCB Group Ltd) said:

“Group net profit for the semester increased by 8.7% to reach Rs 3,142 million. This performance was underpinned by a 10.4% increase in net interest income, while net fee and commission income grew by 7.4%. Regional trade finance fees declined on account of low oil prices, compensated by improved performances by our cards and wealth management activities. Other income rose by 9.4%, driven primarily by higher profit on exchange.

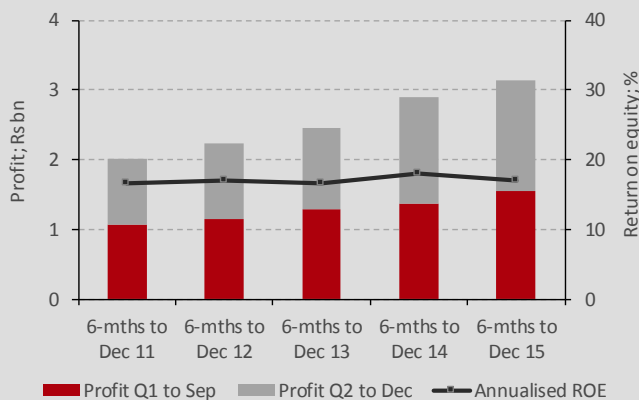
Operating expenses grew by 8.8%, leading to a fall in our cost to income ratio to 41.8%. Allowance for credit impairment increased by 22.1% to reach Rs 488 million, thus standing at 56 basis points on an annualised basis in terms of gross loans. The foreign-sourced income of the banking cluster accounted for more than 50% of Group profits, supported by the growth in contribution by the international segment of MCB Ltd and the Group’s overseas entities over the last semester.

Shareholders’ funds increased to Rs 38 billion, with our capital adequacy ratio remaining comfortable at 17.0%, of which Tier 1 capital represents 14.4%.

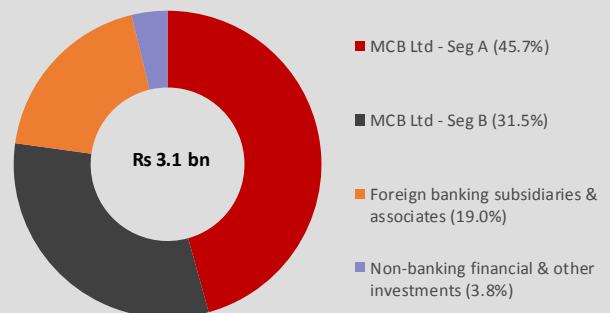
The current challenging economic and financial conditions prevailing on the global and regional scenes dictate that we exercise a close monitoring of developments across markets and adapt our business expansion agenda accordingly. On current trends, MCB Group results for FY 2015/16 are projected to improve compared to last year.”

Financial performance

Profitability



Contribution to Group profit



Profit or Loss Statement

Net interest income

In spite of a restrained growth in the loan book linked to the difficult operating environment, net interest income rose by 10.4% to Rs 4,401 million, notably supported by growth in earnings from international operations over the last semester.

Non-interest income

Notwithstanding the adverse impact of low oil prices on regional trade finance activities, net fee and commission income increased by 7.4%, underpinned by the growth in revenues from wealth management and cards activities as well as improved contribution from non-banking operations. 'Other income' grew by 9.4%, mainly on the back of a 17.1% rise in profit on exchange.

Share of profit of associates

The share of income from associates rose by 51.7% to reach Rs 231 million, driven by an improved contribution from BFCOI and PAD Group over the period under review.

Operating expenses

Operating expenses posted an increase of 8.8% to stand at Rs 2,983 million, reflecting continued investment in capacity building in line with business growth.

Impairment

While a decline was registered at the level of foreign banking subsidiaries, allowance for credit impairment of the Group increased by 22.1%, on account of a rise at the level of MCB Ltd. On an annualised basis, allowance for credit impairment in terms of gross loans stood at 56 basis points.

Profit

Group profits for the six months ended December 2015 grew by 8.7% to reach Rs 3,142 million, notably driven by enhanced performances within the banking cluster. Reflecting the Group's market and product diversification strategy, the contribution of foreign-sourced earnings and non-banking activities together accounted for some 54% of results.

Financial Position Statement

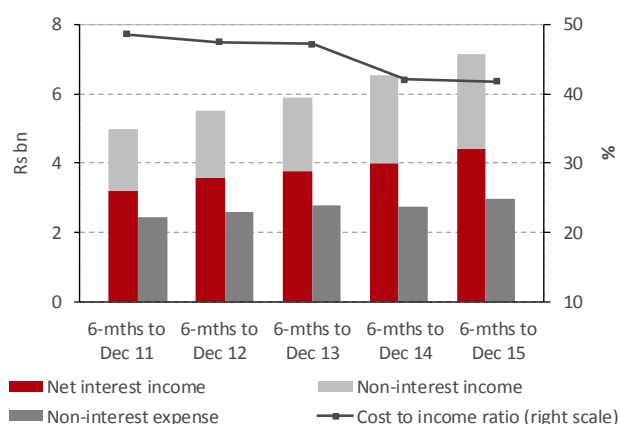
Loans and funding

Gross loans & advances of the Group recorded a restrained year-on-year growth of some 5.0% to around Rs 173 billion amidst the challenging economic context. Total deposits of the Group went up by 14.4% to reach Rs 239.8 billion, on account of a strong growth in both foreign currency deposits and rupee deposits. As a result, total loans represented 72.0% of deposits and around 69% of the total funding base, when including borrowings and subordinated debt.

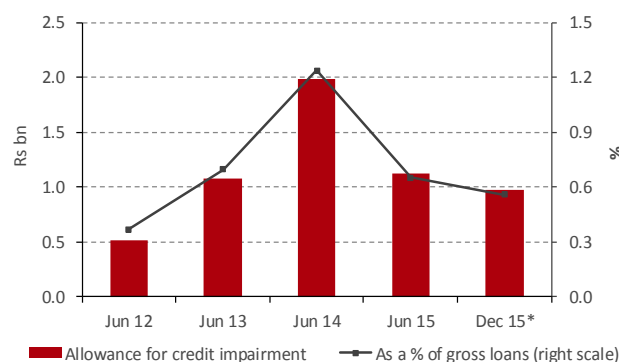
Capital position

Shareholders' funds increased by 13.5% to reach Rs 38.0 billion as at 31 December 2015. Overall, comfortable capitalisation levels were maintained, as gauged by the capital adequacy ratio and Tier 1 ratio estimated at 17.0% and 14.4% respectively.

Income and expenditure evolution

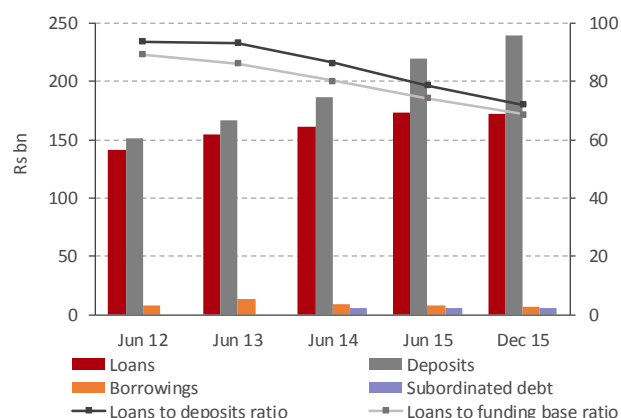


Provision and credit quality

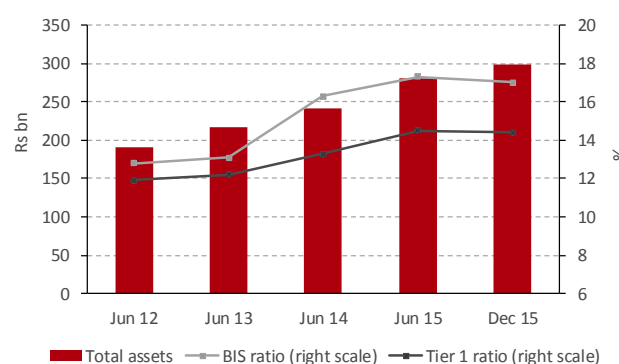


*Annualised figure

Loans and funding base



Total assets and capital adequacy



Note: Capital adequacy ratios for June 2014, June 2015 & December 2015 are based on Basel III

Financial soundness indicators (%)

	Dec-14	Jun-15	Dec-15
Profitability			
Return on average total assets ¹	2.3	2.2	2.2
Return on average equity ¹	17.9	17.1	17.0
Efficiency			
Cost-to-income	42.1	41.8	41.8
Asset Quality			
Gross NPL/Gross loans	6.3	6.2	6.4
Net NPLs/Net Loans	3.5	3.6	3.7
Liquidity			
Liquid assets ² /Total assets	30.9	31.0	35.4
Loans to deposits	78.9	78.8	72.0
Loans to deposits and borrowings ³	73.9	74.3	68.7
Capital adequacy			
Shareholders equity to assets	12.6	12.8	12.7
BIS risk adjusted ratio ⁴	15.9	17.3	17.0
o/w Tier 1 ⁴	13.5	14.5	14.4

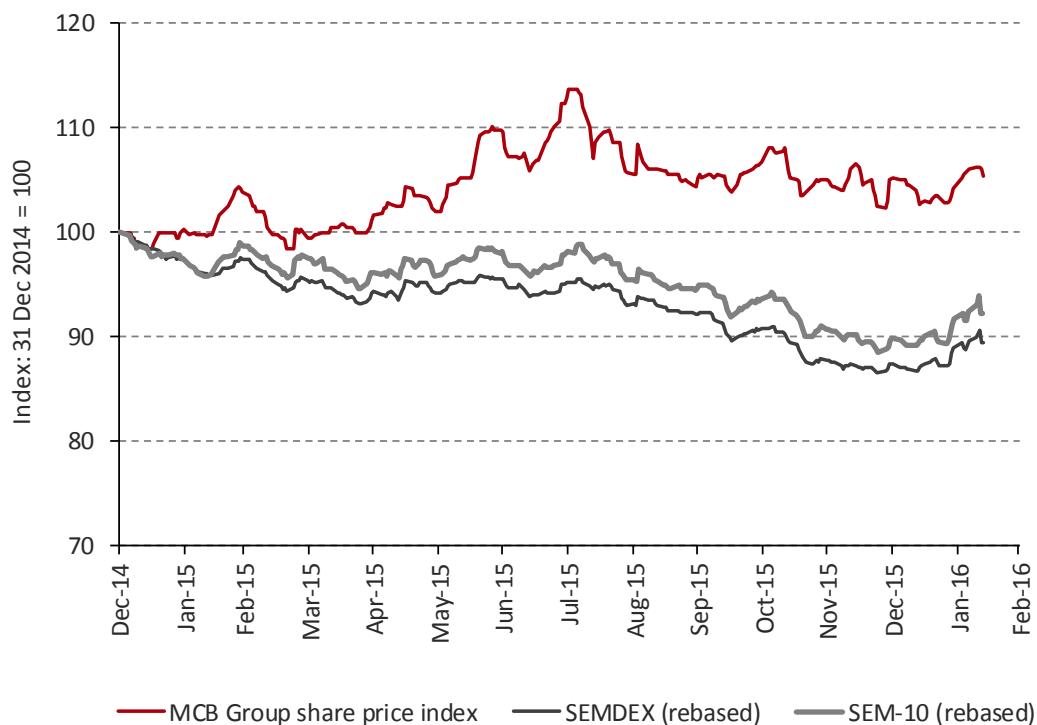
¹ Annualised rate for December figures

² In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities

³ Borrowings include subordinated debts

⁴ Based on Basel III

MCB Group share price performance





www.mcbgroup.com

Cautionary statement regarding forward-looking statements

This release has been prepared to assist the shareholders to assess the Board's strategies and their potential of success. The statements contained herein may include declarations of future expectations and other forward-looking statement that are based on management's current views and assumptions. These involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements

Readers are advised not to place undue reliance on the forward-looking statements relating to the Group's business strategy, plans, objectives and financial positions as these statements rely on assumptions and hypotheses which inherently represent an accuracy of risk. Actual results, performance and events may differ from those in such statements due to general evolution of economic, political and industry conditions, interest rate levels, currency exchange rates as well as changes in laws and regulations and the extent of competition and technological factors. In addition, MCB Group Ltd. does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.